JUNE 27, 1974

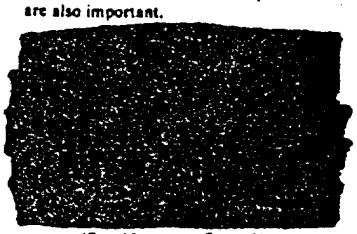
OPEC a Coalition, Not a Cartel

by Patrick Kennon

The Organization of Petroleum Exporting Countries is often described as a producers' cartel. Although it has occasionally threatened to act as one, it has not yet been put to the test.

The group has never been forced to act in the characteristic manner of a cartel by cutting production in order to raise or maintain prices. At most, it took advantage last fall of a politically motivated Arab oil cutback. Thus, whether OPEC could or would act as a cartel is still an open question.

The answer to the question lies in the political and economic situation of each OPEC member. In some cases, the personalities of leaders and the traditions and national character of the country involved are also important.



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Approved for Release
Date DEC 1997

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